



**CITY OF HAYWARD**  
**AGENDA REPORT**

AGENDA DATE 09/11/01  
AGENDA ITEM 3  
WORK SESSION ITEM \_\_\_\_\_

**TO:** Mayor and City Council

**FROM:** Director of Public Works

**SUBJECT:** Approval of the First Amendment of the Lease Between the City of Hayward and Trajen, Inc., and Assignment of the Lease Between the City of Hayward and Trajen, Inc., to Hayward FBO, LLC

**RECOMMENDATION:**

It is recommended that the City Council approve the attached resolutions that authorize the City Manager to:

1. Execute the First Amendment to the Lease between the City and Trajen, Inc., and;
2. Execute the assignment of the Commercial Aviation Site Lease between the City of Hayward and Trajen, Inc., to Hayward FBO, LLC.

**BACKGROUND:**

On July 17, 2001, the City Council approved the ground lease with Ascend Development, LLC at the Hayward Executive Airport for the development of corporate hangars. Trajen, Inc., the holder of the adjacent leasehold, has requested an amendment to its lease to allow Ascend's hangar tenants to have unrestricted access for their personal aircraft and vehicles across Trajen's leasehold. The amendment provides for an *easement* attached to Trajen's Commercial Aviation Site Lease. The easement stipulates that Ascend's tenants have the right to make use of Trajen's leasehold for private access.

With respect to the lease assignment; on January 4, 2000, Trajen, Inc., assumed the 50-year lease between the City and Papé Properties. The lease encompasses nearly 10 acres of airport property and is operated by Trajen, Inc. Trajen's business includes aviation commercial sales, services, and activities such as: aircraft servicing, repair and maintenance; aircraft storage and tie-down; sales of new and used aircraft, aircraft parts, accessories, pilot supplies, and related services.

Trajen, Inc. is selling its Hayward and Sacramento area operations to *CapEx, LLC*, a Delaware Limited Liability Corporation licensed to do business in California. CapEx supports commercial aviation requirements mainly through fixed base operator (FBO) facilities. CapEx (Hayward FBO, LLC) has indicated that it intends to continue the current operations of Trajen and Trajen's Mather Aviation corporate aircraft maintenance subsidiary at Hayward without undertaking any significant changes.

CapEx has also indicated its desire to support the continued development of new general aviation hangar facilities at Hayward Executive Airport. This development is consistent with attracting additional high quality companies to invest in office and other facilities in the Hayward area.

CapEx is committed to fulfilling the terms and obligations of the existing lease. The City's Director of Finance and Internal Services has reviewed the financial statements and tax returns for CapEx, LLC covering the past several years, and finds its financial resources satisfactory to meet the City's requirements.

Staff has investigated the reputation of CapEx in the aviation industry and finds its credibility to be of the highest caliber. Principals at CapEx previously owned and operated Vail/Beaver Creek Jet Center, a nationally recognized resort area FBO. Currently, CapEx employs approximately 30 people at its Million Air-LaQuinta and Million Air-Palm Springs locations, and is in the final stages of completing its purchase of the Newport Jet Center at John Wayne Airport with a staff of 34. Completion of the acquisition of Trajen's Hayward and Sacramento locations will boost CapEx's employment in California to more than 180. CapEx has formed a new company (which CapEx owns) called Hayward FBO, LLC. This new corporation will be conducting business as *Million Air-Hayward*.

The lease is for a 50-year term commencing on July 1, 1998, and expiring on December 31, 2048. The current rent paid to the City for the property is \$6,362 per month. The lease provides for rental adjustments at 5-year intervals. The lease with Trajen, Inc. prevents them from assigning the lease without first obtaining permission from the City. However, consent cannot be unreasonably withheld.

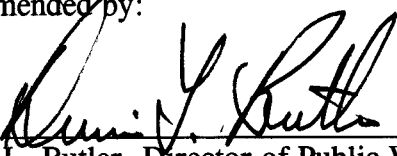
Staff recommends that the City Council authorize the City Manager to execute the First Amendment to the Commercial Aviation Site Lease between the City of Hayward and Trajen, Inc., and the Assignment and Assumption Agreement, and related documents regarding the lease agreement between the City of Hayward, Trajen, Inc., and Hayward FBO, LLC.

Copies of all documents are available for review in the office of the City Clerk.

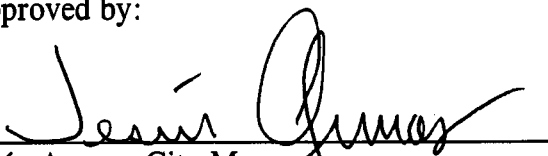
Prepared by:

  
FOR Brent S. Shiner, Airport Manager

Recommended by:

  
Dennis L. Butler, Director of Public Works

Approved by:

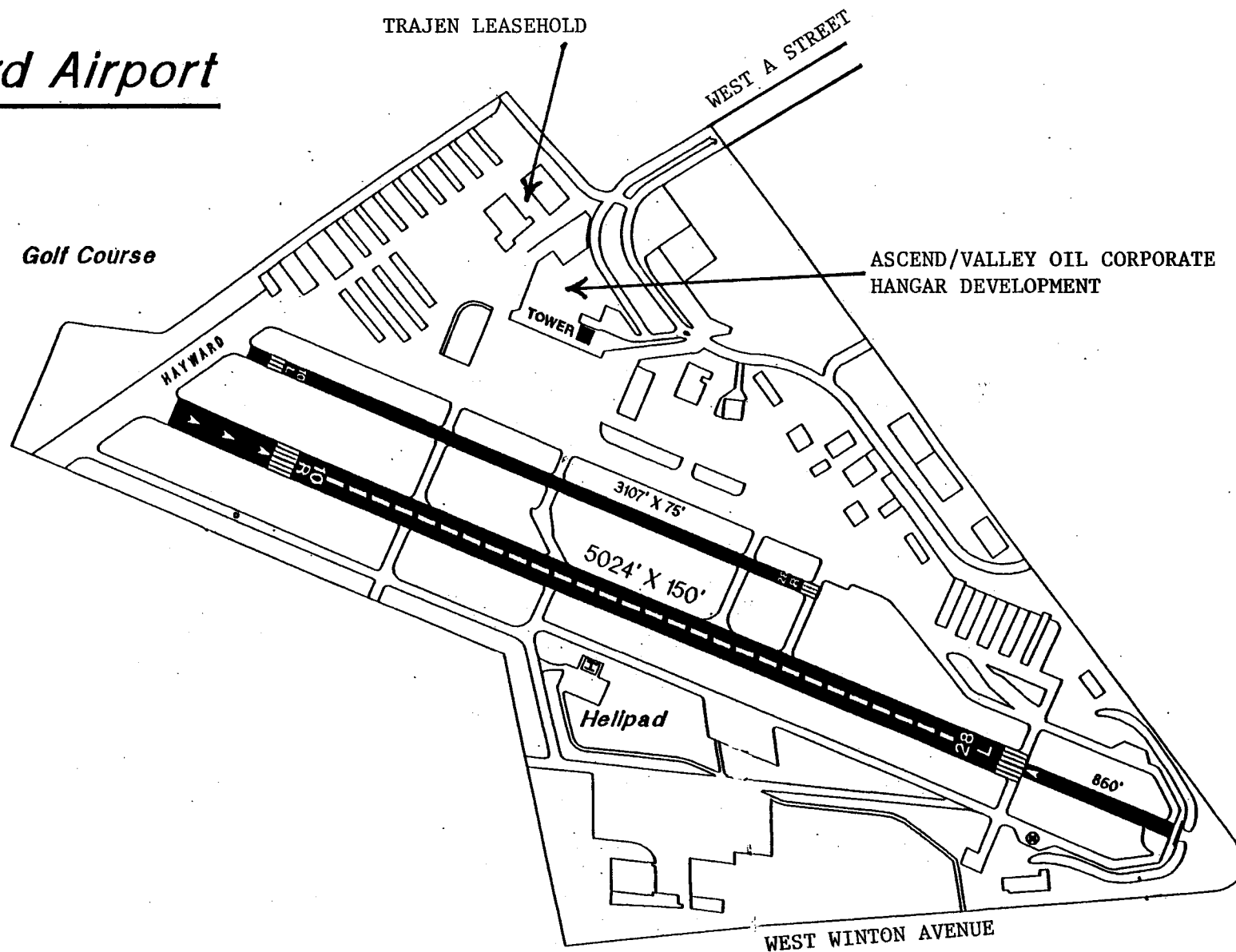
  
Jesús Armas, City Manager

Attachments:

- Exhibit A: Location of Leaseholds at Hayward Executive Airport
- Exhibit B: Site Plan of Leaseholds

# Hayward Airport

LOCATION OF LEASEHOLDS AT HAYWARD EXECUTIVE AIRPORT  
EXHIBIT "A"



# TRAJEN FLIGHT SUPPORT LEASEHOLD

EXISTING CONSTRUCTION

EXISTING CONSTRUCTION

EXISTING PARKING

## ASCEND CORPORATE HANGAR DEVELOPMENT

HANGARS

EMERGENCY  
VEHICLE  
ACCESS

SULPHUR CREEK

LANDSCAPE  
FUTURE DEVELOPMENT  
DEEP COURT  
EMERGENCY  
CONTROL TOWER

HANGARS

HANGARS

SKYWEST DRIVE

HANGAR  
VISITOR  
PARKING

STATION



# DRAFT

HAYWARD CITY COUNCIL

RESOLUTION NO. \_\_\_\_\_

Introduced by Council Member \_\_\_\_\_

*Mal*  
*8/24/01*

RESOLUTION AUTHORIZING THE CITY MANAGER  
TO EXECUTE THE ASSIGNMENT OF THE  
COMMERCIAL AVIATION SITE LEASE TO HAYWARD  
FBO, LLC

BE IT RESOLVED, that the City Council of the City of Hayward hereby authorizes the City Manager to execute the assignment and all related documents of the Commercial Aviation Site Lease between the City of Hayward and Trajen, Inc. to Hayward FBO, LLC.

IN COUNCIL, HAYWARD, CALIFORNIA \_\_\_\_\_, 2001

ADOPTED BY THE FOLLOWING VOTE:

AYES:

NOES:

ABSTAIN:

ABSENT:

ATTEST: \_\_\_\_\_  
City Clerk of the City of Hayward

APPROVED AS TO FORM:

\_\_\_\_\_  
City Attorney of the City of Hayward

HAYWARD CITY COUNCIL

RESOLUTION NO. \_\_\_\_\_

Introduced by Council Member \_\_\_\_\_

*mml*  
*8/24/01*

RESOLUTION AUTHORIZING THE CITY MANAGER  
TO EXECUTE THE FIRST AMENDMENT TO THE  
LEASE WITH TRAJEN, INC. AT THE HAYWARD  
EXECUTIVE AIRPORT

BE IT RESOLVED, that the City Council of the City of Hayward hereby authorizes the City Manager to execute on behalf of the City of Hayward the First Amendment to the Lease between the City of Hayward and Trajen, Inc., which provides for an easement attached to Trajen's Commercial Aviation Site Lease.

IN COUNCIL, HAYWARD, CALIFORNIA \_\_\_\_\_, 2001

ADOPTED BY THE FOLLOWING VOTE:

AYES:

NOES:

ABSTAIN:

ABSENT:

ATTEST: \_\_\_\_\_  
City Clerk of the City of Hayward

APPROVED AS TO FORM:

\_\_\_\_\_  
City Attorney of the City of Hayward